

Message Text

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EXDIS

FOLLOWING REPEAT LIMA 3625 SENT ACTION SECSTATE WASHDC 27 APR 78

QUOTE C O N F I D E N T I A L LIMA 3625

E.O. 11652: GDS

TAGS: ECON OVIP PE

SUBJ: FOREIGN MINISTER'S TRAVEL PLANS AND THE FINANCIAL CRISIS

REF: STATE 107281

1. AS THE DEPARTMENT IS AWARE, DE LA PUENTE PLANS TO TRAVEL TO WASHINGTON NEXT WEEK FOR TALKS WITH THE IDB, THE IMF AND THE USG. HE WILL GO ON FROM THERE TO NEW YORK FOR DISCUSSIONS WITH THE BANKS. HIS PRIMARY PURPOSE, AS I GATHER IT, IS TO PRESENT PERU'S OVERALL CASE, WITH PARTICULAR EMPHASIS ON THE POLITICAL FACTORS, AND TO ASK FOR UNDERSTANDING. PRESIDENT MORALES BERMUDEZ SEEMS TO THINK THE MINISTER UNIQUELY QUALIFIED FOR THIS MISSION BECAUSE HE IS THE ONLY CIVILIAN IN THE CABINET AND HAS LONG DIPLOMATIC EXPERIENCE. TO ADD CREDIBILITY TO HIS PRESENTATION, PARTICULARLY IN NEW YORK, DE LA PUENTE IS TRYING TO

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PERSUADE VARIOUS PRIVATE-SECTOR PERUVIANS TO ACCOMPANY HIM, NOTABLY INCLUDING CARLOS FERRERYROS, THE PRESIDENT OF PERU'S LARGEST PRIVATE BANK.

2. DE LA PUENTE CONFIRMED THAT THE CABINET HAD APPROVED THE NEW PACKAGE OF ECONOMIC MEASURES AT A SESSION THAT WENT WELL INTO THE NIGHT OF APRIL 25. HE SAID THE

MEASURES INCLUDE AN INCREASE IN THE PRICE OF GASOLINE,
NEW TAXES AND AN END TO SOME OF THE REMAINING SUBSIDIES
ON FOOD PRODUCTS. A PRIMARY OBJECTIVE IS TO ELIMINATE
WHAT THE MINISTER SAID NOW PROJECTS AS SOLES 50 BILLION
IN THE FISCAL DEFICIT ABOVE AND BEYOND THE IMF TARGET.
THE MEASURES OVERALL ARE "VERY HARD", ACCORDING TO DE
LA PUENTE. THEY WILL BE ANNOUNCED AFTER THE TWO MINISTERS
RETURN FROM WASHINGTON. DE LA PUENTE ADDED THAT HE
WOULD THEN CALL IN ALL OF THE AMBASSADORS OF PERU'S
CREDITOR COUNTRIES AND INFORM THEM OF THE GOP'S INTEN-
TION TO SEEK RESCHEDULING OF ITS OFFICIAL DEBT. THE
MINISTER CONCLUDED WITH THE OBSERVATION THAT HE IS NOW
THINKING OF ASKING THE WEST GERMANS TO HOST THE DEBT
RESCHEDULING CONFERENCE, BUT AGAIN WITH SOME KIND OF
ADDITIONAL SPONSORSHIP BY THE IDB.
SHLAUDEMAN

UNQUOTE VANCE

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